



# Illinois Electronic Filing Highlights

## Form IL- 4562, Special Depreciation

Taxpayers who figure additions and subtractions on Form IL-4562, Special Depreciation, may once again file their Illinois income tax returns electronically. Refer to the 2004 IL-1040 and IL-4562 instructions for details.

## Schedule M, Other Additions and Subtractions

Schedule M, Other Additions and Subtractions has been developed to specifically identify entries reported on the 2004 IL-1040, Line 3, Other additions to income and Line 9, Other subtractions to income. Schedule M allows you to figure the total amount of additions you **must** include on Line 3 and the total amount of subtractions you are **allowed** to claim on Line 9. All IL-1040 income tax returns filed with an entry on Line 3 or Line 9, must be accompanied by a completed Schedule M. Refer to the 2004 IL-1040 and Schedule M instructions for details.

## Electronic Filing Expands

The department has again expanded the criteria to allow more taxpayers to electronically file their 2004 IL-1040 income tax returns. Line 9, Other subtractions to income has been expanded to include:

- restoration of amounts held under claim of right;
- contributions to a job training project;
- interest earned on investments through the Home Ownership Made Easy Program;
- Illinois special depreciation subtraction amount from Form IL-4562;
- ridesharing money and other benefits;
- payment of life insurance, endowment, or annuity benefits received;
- your employer's contributions made on your behalf to an account established under the Medical Care Savings Account Act and the interest earned;
- Lloyds plan of operations income if reported on your behalf on Form IL-1023-C;
- income earned by certain trust accounts under the Illinois Pre-Need Cemetery Sales Act;
- education loan repayments made for primary care physicians who agree to practice in designated shortage areas under the Family Practice Residency Act;
- reparations or other amounts received as a victim of persecution by Nazi Germany; and
- amount of your child's interest from U.S. Treasury and U. S. agency obligations.

## "Illinois" Statement Records or multiple schedules

The department is no longer supporting **Illinois** statement records for the IL-1040, Line 3, Other additions to income, and Line 9, Other subtractions to income. If an entry is made on lines 3 or 9, the newly developed Schedule M, Other Additions and Subtractions must be included in the electronic IL-1040 transmission. In addition, multiple schedules have been eliminated. For the 2005 processing season, the department will only accept one Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, one Schedule CR, Credit for Tax Paid to Other States, and one Schedule ED, Credit for K-12 Education Expenses. If a second schedule is needed, a paper return must be filed.

## Schedule ED, Credit for K-12 Education Expenses structure changes

The name of this schedule has changed from Schedule ED, Credit for Qualified Education Expenses to Schedule ED, Credit for K-12 Education Expenses. Taxpayer confusion regarding college expenses, day care, and expenses for themselves was the driving force for changing the name. In addition, alpha characters were added above the columns on the face of the schedule. Refer to the 2004 Schedule ED instructions for details.

## Schedule NR changes

Nonresident and part-year resident taxpayers of Illinois filing Illinois Schedule NR, must use the standard two digit state abbreviation when identifying states they earned income in or filed an income tax return in for the tax year. Due to changes on the U.S. 1040, the following changes have been made to Illinois Schedule NR: certain business expenses of reservists, performing artists, fee-based government officials, and the deduction for health savings account have been added. Refer to the 2004 Schedule NR and instructions for details.

## IL-1040 voluntary contributions

Taxpayers have the opportunity to contribute to the new Illinois Veterans' Home Fund on their 2004 IL-1040. Prostate Cancer Research, World War II Veterans Memorial, Asthma & Lung Research, and Leukemia Treatment funds are no longer available as choices on Form IL-1040.

## Software Developers & Transmitters

- Internet file transmissions via HTTPS Post protocol using Secure Socket Layer encryption has recently become available. Interested transmitters should contact the Electronic Filing Section at 217 524-4767.
- The department will reject electronic IL-1040 returns using the PC to PC filing method if a valid Personal Identification Number (PIN), prior year's adjusted gross income amount, Illinois identification number, driver's license number, or nine digit zip code is not present in the transmission.





# Reminders

# 2005

# F I L I N G S E A S O N

## Software Developers

The department is continuing to urge developers of Illinois 1040 PC File software to

- provide taxpayers that do not know their Illinois Personal Identification number (IL-PIN) with a link to IDOR's web site to see if one has been assigned to them;
- provide taxpayers that owe a balance due with a link to IDOR's web site. However, this must be a separate process (transaction) than the filing of the electronic return.

Software Developers e-mail the department for the exact URL at [nwillis@revenue.state.il.us](mailto:nwillis@revenue.state.il.us).

## EROs Must Retain Form IL-8453

EROs are required to retain all original IL-8453 forms and supporting documents at their site for a three-year period. The department will request selected IL-8453 forms for inspection. Do **not** mail IL-8453 forms to the department unless they are requested.

## Acknowledgment Retrieval is a Requirement

Transmitters are responsible for retrieving electronic IL-1040 acknowledgments. Illinois provides a separate acknowledgment for the IL-1040 and these acknowledgments should be retrieved on a continuous basis (daily, bi-weekly, etc.). You should not assume the IL-1040 is an accepted return based on the acceptance of the federal return. Refer to the IL-1345, Illinois Electronic Return Procedures for details.

## Refundable Illinois Earned Income Credit

Again this year, taxpayers who qualify for the federal Earned Income Credit (EIC) may also qualify for the Illinois Earned Income Credit, which is refundable beyond tax for certain taxpayers. Please remember - **only** Illinois residents and part-year residents living in Illinois at the end of 2004 are eligible for the refundable portion of this credit. Refer to the 2004 IL-1040 instructions for specific details.

## Electronic Schedule CR, Credit for Tax Paid to Other States

The electronic Schedule CR can be submitted *only* for full-year Illinois residents and the following six states. These states must be identified by the standard postal abbreviations or the electronic return will be rejected.

Missouri (MO)	Indiana (IN)	Iowa (IA)
Kentucky (KY)	Michigan (MI)	Wisconsin (WI)

Refer to Publication 111, Illinois Schedule CR, Comparison Formulas for Individuals, on our web site at [www.ILtax.com](http://www.ILtax.com).

## Electronic Funds Withdrawal (direct debit) payment option

Taxpayers who owe additional tax on their 2004 IL-1040 may pay the amount they owe by directly debiting their checking or savings account – during their e-File process. Taxpayers may also use this payment option by visiting our web site at [www.ILtax.com](http://www.ILtax.com). An Illinois Personal Identification Number (IL-PIN) will be needed by taxpayers who pay the amount they owe through our web site.

## Credit Card Payment Option

Taxpayers can pay their 2004 IL-1040 balance due amount over the telephone or through the internet by using MasterCard, Discover, American Express or Visa cards. They will be asked to enter a Jurisdiction Code, which is 2300. There will be an additional convenience fee assessed to their credit card account by the credit card service provider. Taxpayers who would like to pay the amount they owe by credit card can visit [www.officialpayments.com](http://www.officialpayments.com) and select "Payment Center" at the top of the home page or call 1 800 272-9829.